

**STATE OF CALIFORNIA  
DEPARTMENT OF INSURANCE  
45 Fremont Street  
San Francisco, CA 94105**

**RH05049799**

**January 5, 2006**

**Title 10, Article 7.1  
Proposed Sections 2355.1-2359.7  
Title Insurance and Statistical Plan**

**VOLUME 8  
(Bates Pages 2897-3163)**

Summary and Response to Comments Received During 45-Day Comment Period

Pursuant to Gov. Code § 11346.9(a)(3), repetitive comments are aggregated, summarized and responded to as a group. Comments which were not specifically directed at the proposed regulations or procedures followed in proposing the regulations are irrelevant and have been dismissed as a group.

Additionally, because some comments reflect a more technical analysis of the proposed regulations, the summaries for those comments were not summarized as a group. Comments for pages 2997-3011, which contain a more extensive technical analysis of the proposed regulations have been organized and summarized by comment volume number. The technical comments for Volume 8 are attached to the end of this summary and response.

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**Comment:**

**California Title Insurance and Escrow rates are cost effective, lower and competitive because of :**

- **Decreased escrow fees**
- **Decreased refinance fees**
- **Competition that controls the price**
- **Customer service**
- **A bankrate.com study**
- **Continuing education classes**
- **Reduced fees**
- **Slow down in the housing market**
- **Technology**
- **Title companies that cut escrow fees make it up in title policies**
- **Bundled services**

**Pages reflecting this comment:**

2897-2939 2960-2961 2964 2965 2975-2976 2981 2982 2986 2989 2992 3031 3017 3020  
3022 3025 3027 3050 3036 3040 3046 3047 3052 3053 3054 3056 3057 3059 3061 3062  
3063 3070 3079 3088 3089 3090 3091 3092 3094 30098 3101 3103 3105 3107 3108  
3109 3110 3112 3114 3117 3119 3135 3145 3147

**Response:**

See Response to Common Comments C.1, C.2, E.7, E.9, E.13, E.18, E.24, E.26, T.2, and X.18.

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**Comment:**

- Insurance title fees and real estate commissions are based on the price of the house.
- Home prices keep rising but the fees have not kept pace
- The Real estate boom has caused prices to increase

**Pages reflecting this comment:**

3064 3080 3098 3103

**Response:**

See Response to Common Comments E.13, T.4, T.11, T.24, and X.7

To the extent that this comment refers to real estate commissions, those commissions are not within the regulatory authority of the Department of Insurance and are beyond the scope of this rulemaking project. Because this portion of the comment is beyond the scope of the proposed regulations, no further response is necessary.

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**Comment:**

- Title insurers have a right to make a profit.
- I pay taxes and should be free to make a living

**Pages reflecting this comment:**

2976 3069 3104

**Response:**

See Response to Common Comments A.13 and X.18.

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**Comment:**

**The proposed regulations will result in fewer choices for customers closing escrow transactions and notaries public.**

**Pages reflecting this comment:**

2948 2970-2971 2983 2985 2990 3015 3029 3034 3035 3044 3047 3052 3060 30973112  
3126 3127 3145

**Response:**

See Response to Common Comments C.30, N.1, and T.1.

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**Comment:**

- **The regulations are not needed because title insurance and escrow fees provide a valuable public service and the fees are not outrageous.**
- **The company is not advertised by word of mouth and service gets the business**
- **The rates have been approved by the Department.**
- **We are required by law to follow posted rates.**

**Pages reflecting this comment:**

2986 2965 3035 3039 3044 3070 3092 3097 3112 3124 3127 3128-3132 3134 3136-3144  
3147

**Response:**

Because this is a file and use system, the Department does not approve rates filed by companies. In fact, the Commissioner cannot prohibit a rate that is excessive unless he first finds that there is a reasonable degree of competition for the insurance or services provided. The Commissioner is currently in the process of prohibiting companies from filing excessive rates in the future, but the fact that rates have been filed with the Department in the past cannot be used to support the contention that those rates were reasonable. See also Response to Common Comments T.5, and X.18.

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**Comment:**

- **The Commissioner should postpone the 27% reduction and the hearings until he has a full understanding of the functions, cost, regulation the industry already has and liabilities of an escrow officer.**
- **At least Social Security gives 2-35 percent cost of living increase.**

**Pages reflecting this comment:**

2940-2947 2998 3013 3053 3054 3059 3058 3061 3063 3069 3070 3071 3072 3074 3078  
3089 3087 3090 3097 3100 3103 3105 3107 3116 3119 3122 3147 (25% decrease)

**Response:**

See Response to Common Comments X.20, and T.28.

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**Comment:**

- The current slow down in the industry and the proposed regulations' reductions of title and escrow fees will decrease pay and eliminate jobs for escrow providers and notaries public. In any event, all affected employees will be replaced with under-trained and inexperienced personnel who will be forced to endure a heavy workload resulting in fraud and or errors. Title companies will have to conduct more settlement appointments.
- Proposed regulations will make us go back to using signing appointments.

**Pages reflecting this comment:**

2897-2939 2960-2961 2959 2981 2982 2983 2985 2984 2988 2989 2992 2951 2970 2998  
2999 3000-11 3013 3015 3017 3020 3022 3024 3027 3032 3034 3035 3037 3039 3040  
3041 3044 3042 3044 3045 3046 3047 3050 3052 3055 3057 3060 3062 3063 3064 3066  
3067 3070 3071 3072 3075 3078 3079 3080 3083 3089 3088 3091 3093 3094 3095 3096  
3097 3099 3100 3010 3102 3104 3105 3107 3108 3110 3112 3113 3117 3122 3125 3127  
3128-3132 3135 3136-3144 3145

**Response:**

See Response to Common Comments C.30, E.25, N.1, T.13 and X.9.

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**Comment:**

**Escrow rates have not increased since 1996 and 2000.**

**Pages reflecting this comment:**

3014 3035 3039 2991

**Response:**

See Response to Common Comments X.7.

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**Comment:**

- Reducing fees will result in lower quality of service which is damaging to the public and causing delays and fraud to homebuyers and sellers and undervalues the contributions of the escrow officers and notaries public.
- The proposed regulations will bring an influx of unregulated escrow companies into the market.
- The proposed regulations will cause companies to bundle services, increasing prices.

**Pages reflecting this comment:**

2951 2965 2989 2981 2992 3013 3018 3020 3025 3027 3037 3040 3044 3047 3050 3051 3052 3054 3057 3059 3075 3089 3097 3100 3101

**Response:**

See Response to Common Comments C.1, C.3, C.30, E.15, E.22, N.1, X.8, X.12.

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**Comment:**

The escrow business is stressful and no longer involves simple transactions to reach homeownership. Escrow, title and N/Ps employees now take on the duties, liabilities and responsibilities that others used to handle and this takes extra time and liability with little increase in compensation. These duties, liabilities, and responsibilities include:

- Document review
- Government attachments (child support etc)
- Copying
- Lender documents
- Title documents
- Disclosures
- Escrow instructions
- Exculpatory docs
- California withholding forms
- Franchise tax forms
- IRS liens
- Back child support
- Clear deeds and title
- Liens and judgments
- Help state of California collect taxes and fees
- Coordinate paperwork
- Keep the peace between parties
- Store documents for years
- Printing
- Explain loan packages
- Correct errors

**Pages reflecting this comment:**

2897-2939 2940-2947 2960-2961 2964 2965 2972-2974 2975-2976 2973 2991 2992  
3013 3018 3020 3025 3027 3037 3040 3044 3047 3050 3051 3052 3054 3057 3059 3067  
3070 3075 3074 3075 3087 3088 3092 3095 3098 3099 3101 3103 3105 3109 3110 3117  
3119 3121 3125 3035 3145

**Response:**

See Response to Common Comments E.12, and E.16.

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**Comment:**

- Technology has not increased the speed of escrow transactions or decreased complexity, and the costs to invest in infrastructure and expand in order to keep up with technology keep rising.
- The proposed regulations hamper technological advances that California has utilized and promoted.

**Pages reflecting this comment:**

2981 3051 3056 3121

**Response:**

See Response to Common Comments C.5 and X.10.

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**Comment:**

**Escrow officers work hard and put in long hours 6 days a week and overtime. These added costs have to be factored into every escrow transaction.**

**Pages reflecting this comment:**

3017 3020 3025 3037 3044 3052 3057 3059 3091 3095 3107 3109 3121 3135

**Response:**

See Response to Common Comments E.12, and E.13. Since employee costs are, in general, set by the proposed regulations at the industry-average costs, there is no basis for claiming that rates allowing recovery of those costs would be unreasonable.

**Comment:**

**The business is owned or operated by and will reduce jobs, opportunities, benefits and the salaries of:**

- Primary breadwinners
  - Women
  - Single mothers
  - Minorities
  - The elderly
  - The incapacitated
  - Sole income
  - Extra income
  - Divorced
  - Self-employed
  - Rural areas
  - Newly-married
- The proposed regulations will cause escrow companies to outsource to India.
  - The proposed regulations prove that the business world is run by men.
  - The Commissioner should have to take a pay increase to see what these regulations will feel like for the industry.
  - The cost of living in the Bay Area is Expensive.
  - Reducing fees will negatively impact the industry.
  - Proposed regulations will cause me to leave California.

**Pages reflecting this comment:**

2897-2939 2948 2960-2961 2966 2970 2972-2974 2975-2976 2981 2985 2986 2989  
 2991 2992 2998 2999 3000-11 3013 3027 3030 3036 3037 3041 3042 3045 3047 3049  
 3050 3051 3053 3055 3058 3059 3060 3061 3062 3063 3066 3067 3069 3070 3072 3075  
 3078 3083 3087 3088 3089 3090 3094 3096 3098 3099 3103 3105 3107 3108 3109 3110  
 3111 3112 3117 3119 3122 3124 3125 3128-3132 3136-3144 3147 3152

**Response:**

See Response to Common Comments E.14, E.19, E.27, T.1, T.6, X.1.

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**Comment:**

The proposed regulations will be a disincentive to work hard and to try to further one's career in the escrow business.

**Pages reflecting this comment:**

3062 3087 3121

**Response:**

See Response to Common Comments E.27 and X.8.

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**Comment:**

The proposed regulations were issued for political gain.

**Pages reflecting this comment:**

2998 2033 2037 2974 3072 3075 3109

**Response:**

See Response to Common Comments X.19.

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**Comment:**

- The focus should be on the fees, gouging and kickbacks given to the real estate agents, loan brokers and the mortgage brokers.
- The commenter agrees that there should be fines for kickbacks.
- The focus should be on cutting out expense accounts and cutting out the fat in closing costs.

**Pages reflecting this comment:**

3040 3063 3070 3075 3078 3112 3147 3151

**Response:**

See Response to Common Comments X.17.

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**Comment:**

Escrow Fees have been flat, are cost effective and are the lowest of all the expenses. The workers are underpaid for the amount of work done.

**Pages reflecting this comment:**

2964 2965 2975-2976 2999 3000-11 3067 3070 3075 3087 3099 3110 3112 3117 3127 3145

**Response:**

See Response to Common Comments E.17, E.12, E.21 and E.26.

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**Comment:**



- Opposes the reduction of fees by 27% because it will be devastating to the industry and asks that the regulations be withdrawn.
- If it ain't broke, don't fix it.
- Commenter opposes blanket regulations, as opposed to a specific reduction of an individual fee.
- A blanket regulation is not needed.

**Pages reflecting this comment:**

2940-2947 2972-2974 2975-2976 2982 2986 2989 2996 2998 2999 3000-11 3013 3015  
3022 3039 3042 3043 3051 3054 30566 3057 3058 3059 3060 3061 3062 3066 3074  
3078 3083 3087 3088 3091 3095 3109

**Response:**

See Response to Common Comments T.13, X.5, and X.11.

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**Comment:**

The proposed regulations will impact small business.

**Pages reflecting this comment:**

2952 2959 2981 2982 2983 2990 2991 2992 2996 2998 3010 3012 3042 3072 3087 3112  
3145

**Response:**

See Response to Common Comments T.7 and T.18.

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**Comment:**

- Agrees with the regulations.
- Commenter has seen the broad reach of unscrupulous and unfair business practices of title insurers and the abuse of trust that they create in the minds of consumers. The current system restrains free trade and favors developers and builders over consumers.
- Title insurers should provide refunds to consumers.
- Insurers and escrow companies affiliated with title companies do engage in reverse competition.

**Pages reflecting this comment:**

3033 3041 3042 3112 3148

**Response:**

Because these comments are in support of the regulations, no further response is necessary.

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**Comment:**

**Regulations will increase fraud and/or lawsuits and will flood the courts with property disputes.**

**Pages reflecting this comment:**

3100, 3126

**Response:**

See Response to Common Comments C.3, C.32, N.1, and T.1.

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**Comment:**

**The Competition Report authored by Birny Birnbaum on which the Commissioner is relying is flawed.**

**Pages reflecting this comment:**

3079 3145 3147

**Response:**

See, generally, Responses to Common Comments C.1 through C.29

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**Comment:**

**The Commissioner should focus on title fees.**

**Pages reflecting this comment:**

3112

**Response:**

Commissioner rejects this comment. As the Commissioner has observed, title fees represent just one component of excessive rates. In order to prevent excessive rates now and in the future and to ensure that excessive costs are not shifted to fees other than title fees, the Legislature authorized the Commissioner to regulate the entire charge.

The Department maintains regulatory jurisdiction over all charges, whether denominated premium or otherwise, when made to the public by a title insurer, an underwritten title company or a controlled escrow company for all services it performs in transacting the business of title insurance. To the extent that a controlled escrow company's charges fall within the definition of the "business of title insurance" as set forth in Insurance Code section 12340.3, those charges fall within the Department's regulatory control.

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**Comment:**

**The proposed regulation does not promote good business.**

**Pages reflecting this comment:**

2999 3000-3011 3043 3062 3100 3101 3112 3145

**Response:**

See Response to Common Comments T.5 and T.6.

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**Comment:**

**The regulations will drastically reduce and or slash escrow and title fees.**

**Pages reflecting this comment:**

3015 3124 3127

**Response:**

See Response to Common Comments T.5, T.6 and T.12.

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**Comment:**

**If the regulations go through, lawyers will be doing the same work as they now do in other states, at a greater cost to the consumer.**

**Pages reflecting this comment:**

2975-2976 3041 3046 3054 3057 3058 3066 3067 3083 3089 3090 3092 3101 3121

**Response:**

See Response to Common Comments E.15 and X.15.

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**Comment:**

**Look into medical fraud, unlicensed drivers, the high cost of insurance for homeowners, private passenger auto, and insurer's cancellations after you make a claim.**

**Pages reflecting this comment:**

3033 3109 3110 3122 3152

**Response:**

Because this comment is not specifically directed at the Department's proposed action or to the procedures followed by the Department in proposing or adopting this regulation, no response is necessary.

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**Comment:**

- **The regulations should focus on overpriced title fees, kickbacks, endorsements and mortgage broker fees.**
- **The proposed regulations will make it hard to compete due to the unlevel playing field generated by brokers who steer buyers to particular escrow companies.**
- **Due to the high revenue and power of some companies, the Department has not been able to effectively regulate or punish the perpetrators of illegal rebate schemes.**
- **The regulation of future fees is not a sound alternative to the violations that are on-going.**
- **Why have title insurance companies been targeted, given all the other costs in the real estate transaction?**

**Pages reflecting this comment:**

2992 3033 3034 3040 3051 3069 3075 3120 3122

**Response:**

The proposed regulations will focus on over-priced title fees and endorsements by establishing a maximum rate for all entities that conduct the business of title insurance, as defined in Insurance Code section 12340.3. Mortgage broker fees, however, are not within the Commissioner's jurisdiction and are not subject to these regulations.

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**Comment:**

**Escrow agents' fees and public fees have remained the same, however they do the most important work and get paid the least.**

**Pages reflecting this comment:**

2962-2963 2967-2969 2970 2975 2977 2978 2979 2980 2996 3013 3023 3027 3039 3040  
3041 3069 3075 3092 3095 3115 3117 3119

**Response:**

See Response to Common Comments E.9, E.12, E.13.

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**Comment:**

**Regulations will hurt the whole economy/general public.**

**Pages reflecting this comment:**

2882 2986 2990 3013 3015 3036 3039 3040 3047 3070 3080 3083 3089 3090 3126

**Response:**

See Response to Common Comments C.3, T.1, and X.14.

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**Comment:**

**Notary public clients and escrow agents are offended by the implication that they secure business through kickbacks or gifts rather than customer service.**

**Pages reflecting this comment:**

2898-2939 2960-2961 2970 2962-2963 2964 2965 2967-2969 2973 2976 2977 2978  
2979 3017 3020 3022 3027 3037 3046 3047 3048 3051 3054 3058 2980 2981 3062 3064  
3075 3092 3094 3097 3101 3115 3117 3119 3121 3145 3147

**Response:**

See Response to Common Comments N.1, C.1, C.2 and C.3.

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**Comment:**

**The proposed regulations will affect non-profit housing and the non-profit community by preventing title and escrow from providing discounts to non-profit groups.**

**Pages reflecting this comment:**

2987 3043

**Response:**

See Responses to Common Comments E.25 and T.23. The regulations determine allowable costs and charges on the basis of industry-representative data. The discounts/relativities appearing in the regulations were derived from a comparison of relativities filed by companies. Furthermore, relativities are expected to be on-balance – that their collective effect should be neutral on revenues. So to the extent that a company uses a higher relativity for, say, a specific endorsement, it will be using a lower relativity for some other endorsement. The differences should have little or no effect on total revenues.

It should be remembered, no company is required to employ the regulatory relativities, nor is any company prohibited from employing different relativities. The relativities are merely inputs to the calculation of the regulatory maxima.

The regulations will not prevent title insurers or escrow entities from providing discounts to non-profit groups. The purpose of the regulations is simply to prohibit excessive rates.

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**Comment:**

**The proposed regulations will adversely affect homeowners.**

**Pages reflecting this comment:**

3024 3054 3062

**Response:**

See Response to Common Comments C.32. T.1 and X.14.

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**Comment:**

**Economically, the regulations will destroy communities and increase welfare.**

**Pages reflecting this comment:**

2987 3043 3091 3111 3145

**Response:**

See Response to Common Comments C.30, C.32. T.1, T.13, X.9, and X.14.

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**Comment:**

**The proposed regulations will directly affect independent escrow offices.**

**Pages reflecting this comment:**

2987 2992 2999 3000-11 3013 3030 3032 3041 3042 3043 3045 3060 3078 3096 3097  
3109 3112 3145

**Response:**

See Response to Common Comments E.1.

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**Comment:**

**The proposed regulations should be focused on financial institutions and title insurers.**

**Pages reflecting this comment:**

3097

**Response:**

The Department of Insurance does not have regulatory authority over the actions of financial institutions. Because excessive rates exist within the title insurance, underwritten title company and controlled escrow business, the Department has concluded that these regulations are necessary to prohibit excessive rates for these licensees that are within the Department's regulatory authority.

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**Comment:**

- **The rollback will allow title companies to further unfairly compete because of the side business that small businesses do not have the ability to run.**
- **Companies have had to survive economic ups and downs and raids from title companies to hire trained professionals.**

**Pages reflecting this comment:**

3035 3069 3070 3075 3096 3097 3112

**Response:**

See Response to Common Comments T.18 and X.1.

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**Comment:**

**Virtual escrow companies are overcharging customers and the regulations will put honest businesses at a disadvantage.**

**Pages reflecting this comment:**

2999 3000-3011 3035

**Response:**

Because this comment is generally in support of the regulations, is not specifically directed at the Department's proposed action or to the procedures followed by the Department in proposing or adopting this regulation, no response is necessary.

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**Comment:**

- **Escrow companies are already regulated by the Department of Corporations**
- **The Department of Real Estate has programs to punish corrupt behavior.**

**Pages reflecting this comment:**

2992 3032 3045 3078 3115

**Response:**

The Commissioner rejects this comment. The Commissioner rejects the claim that quality services cannot be provided at industry-average costs. The proposed regulations do not even cover so-called independent escrow officers, so the Commissioner rejects the claim of adverse effect on them as unsupported.

See also Response to Common Comments E.1.

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**Comment:**

**The commenter understands the reasons for the regulations, but opposes them.**

**Pages reflecting this comment:**

3087

**Response:**

See Response to Common comments E.14, E.19, E.27, T.1, T.6 and X.1.

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**Comment:**

**Capping fees is a restraint on trade and would limit the competitive spirit of the industry.**

**Pages reflecting this comment:**

2897-2939 2960-2961 3024

**Response:**

See Response to Common Comment A.15.

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**Comment:**

**The Commissioner's example of fees charged was the very highest from a single escrow company and does not reflect the whole industry.**

**Pages reflecting this comment:**

3037 3048 2973

**Response:**

The Commissioner rejects this comment. The Commissioner has not published an example of fees from a single escrow company within the rulemaking file. The commenter has not identified the document that the commenter is relying upon for this assertion and no single escrow company example could be found in a review of the rulemaking file. To the extent that this comment could be read to suggest that the Commissioner is using a single fee example as the basis for the regulations, the suggestion is entirely incorrect. The Commissioner's regulations are based upon the Commissioner's review of data from all of the Department's licensees as provided in a series of data calls. Additionally, the staff reports are related studies relied upon reflect the Commissioner's efforts to consider the rates of the entire industry, rather than a single company..

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**Comment:**

**Posted escrow fees represent the minimum fees to be charged for a transaction. It defies logic to take the minimum fee and then reduce it by 27 percent.**

**Pages reflecting comment:**

2976

**Response:**

To the extent that this comment is referring to escrow fees charged by controlled escrow carriers, the commenter is incorrect. Every title insurer, underwritten title company and controlled escrow company is required to file its rates with the Commissioner 30 days prior to use. (Ins. Code section 12401.1 and 12401.7.) Rates which deviate from those filed and posted represent an unlawful rebate. (Ins. Code section 12405.) The

commenter's suggestion that posted escrow fees merely represent the "minimum" fee which may be charged only demonstrates the need for the proposed regulations.

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## **NOTARY PUBLICS**

**The proposed regulations will:**

- drive up fees for NP
- put notaries out of work
- result in an increase in fraud and falsified real property transactions
- compel title insurance and escrow officers to stop using notaries, or limit the use of mobile notaries
- reduce notaries income and increase economic hardship for notaries
- deter people from pursuing a profession as a notary
- increase the demand for notaries
- slow down the process for closing escrow

**Pages reflecting this comment:**

2948 2949 2950 2951 2953 2954-2955 2956 2957-2958 2962-2963 2967-2969 2970-  
2971 2977 2978 2979 2980 2983 2985 2988 2989 2990 2994 2996 3015 3029 3030 3063  
3070 3074 3088 3091 3103 3105 3108 3123 3124 3125 3126 3128-3132 3134 3136-3144  
3149 3151 3152

### **Response:**

See Response to Common Comment N.1

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TITLE 10. INVESTMENTS  
CHAPTER 5. INSURANCE COMMISSIONER  
*Article 7.1*  
***TITLE INSURANCE STATISTICAL PLAN  
AND RELATED RULES GOVERNING RATES AND CHARGES***

Summary and Response to Technical Comments Received During  
45-day Comment Period

### **Comment Bates Pages 2997-3011:**

**Commentator:** Westport Escrow

**Date of Comment:** Dated August 15, 2006, received August 24, 2006

**Type of Comment:** Written

### **Summary of Comment (Bates page 2998):**

The Proposed Regulation will cause the commenter, an independent escrow agent, to lay off employees and may force her to close her business. The commenter will be unable to

compete. The commenter built her business and has worked hard for more than 20 years and believes that the Commissioner fails to understand the escrow industry or doesn't care. The commenter asks the Commissioner not to force escrow agents to cut their income, and states that the Commissioner would not want to take a 27% pay cut.

**Response to Comment:**

The Commissioner rejects this comment. The commenter has provided no basis for the claim that her business will fail if rates are reduced to competitive-market levels. Were it true that her business would fail in a competitive market, however, it is not the purpose of the law to spare firms the winnowing-out effects of the competitive market. However, again, the Commissioner does not credit commenter's claims about those effects.

**Summary of Comment (Bates pages 2999-3011):**

Bates pages 2999-3011 are form letters. A summary of these form letters is as follows. The commenters are upset the Commissioner is supporting the regulations that will reduce escrow fees by 27%. If the regulation is approved, the escrow fee reductions will make it impossible to provide quality escrow services and could result in the loss of jobs and unregulated escrow companies.

The Proposed rate rollbacks will put independent licensed escrow officers that are regulated by the Department of Corporations and fingerprinted by the Department of Justice at a competitive disadvantage by forcing them to compete with virtual escrow companies that are not regulated or licensed by a government agency.

**Response to Comment:**

The Commissioner rejects this comment. The Commissioner notes that the amended proposed regulations employ somewhat different percentage-reductions for interim rates, which, in any event, may not take effect under the amended regulations. The Commissioner rejects the claim that quality services cannot be provided at industry-average costs. The proposed regulations do not even cover so-called independent escrow officers, so the Commissioner rejects the claim of adverse effect on them as unsupported.

**Summary of Comment (Bates pages 2999-3011):**

Home sales in the state are in decline. That means independent escrows will earn less. Escrow is one of the most cost-effective components of home purchasing and the fee constitutes a small fraction of the overall cost of a real estate transaction.

The commenter asks the Commissioner to consider the financial impact of the Proposed Regulation and the permanent damage that may occur as a result of the Proposed Regulation.

**Response to Comment:**

The Commissioner rejects this comment. To the extent home prices decline from their 2006 levels, and if interim maxima go into effect at all, those maxima will, under the amended proposed regulations, be adjusted to take into account post-2006 price changes.